

## STAFF REPORT

To: City Council Finance Committee      Date: January 8, 2013  
Via: Gary Jackson, City Manager  
From: Lauren Bradley, Finance & Management Services Director  
Subject: Contract to Audit City Accounts

Summary Statement: The consideration of a resolution authorizing the Mayor to execute a contract with Cherry Bekaert & Holland (hereinafter referred to as Cherry Bekaert) for auditing services for fiscal year 2012 - 2013.

Review: North Carolina General Statute 159-34 requires that local governments have their accounts audited each fiscal year and submit a copy of the audit to the Local Government Commission. In response to the aforementioned general statute, staff recommends retaining the services of Cherry Bekaert to conduct the audit of the city's accounts for the fiscal year ending June 30, 2013.

The City issued a Request For Proposal (RFP) for Auditing Services mid-November. Five bid submissions were received through December 17, 2012, and were subsequently reviewed by a select committee of staff members of the Finance and Management Services department. All proposals were scored and weighted on the same set of qualifying criteria as outlined in the RFP. Upon completion of the qualitative scoring each firm's cost was factored in and weighted to yield an overall score. The firm with the highest score is Cherry Bekaert.

Cherry Bekaert has extensive experience auditing North Carolina local governments of the size and complexity comparable to the City of Asheville's financial systems, accounts and records. This breadth and depth of experience will provide to City staff new perspectives and to City Council the assurances that an objective audit process demands.

The proposed fee for fiscal year 2012-2013 audit and financial statement preparation is \$85,000. Fees for those services for fiscal years 2010, 2011, and 2012, were \$153,500, 109,000, and 95,000, respectively.

As part of the engagement, Cherry Bekaert will provide a document required by the Auditing Standards Board that provides a framework for the auditor's communication with the Mayor and City Council and identifies some specific matters to be communicated. Pursuant to the Auditing Standards Board requirement, Cherry Bekaert will communicate timely and directly with the Mayor and City Council on matters related to the financial statement audit that are, in the auditor's professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process.

Additionally, Cherry Bekaert will provide an audit schedule with milestones and timetables in an effort to improve audit planning and ensure that the audit report is delivered timely to the Local Government Commission.

Execution of this contract complies with City Council's Strategic Operating Plan of operating the City of Asheville's organization to the highest fiscal responsibility, as well as the Audit Policy portion of City Council's Financial Policies.

Pro: • Contracting with Cherry Bekeart aligns with City Council's financial policy, and will help ensure the timely and successful completion of the annual audit.

Con: • None noted.

Fiscal Impact: A fee of \$85,000 has been proposed for the audit and is included in the Finance Department's portion of the Fiscal Year 2012-2013 annual operating budget.

Recommendation: City staff recommends adoption of the resolution authorizing the Mayor to execute a contract with Cherry Bekaert & Holland in the amount of \$85,000 for auditing services for fiscal year 2012-2013.

Attachment: (1) Resolution  
(2) Audit Contract

RESOLUTION NO. 11-

RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A CONTRACT  
WITH CHERRY BEKAERT & HOLLAND, FOR AUDITING SERVICES FOR  
FISCAL YEAR 2012-2013

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WHEREAS, the City is required to have its accounts audited at the close of each fiscal year by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts pursuant to N.C.G.S. 159-34; and

WHEREAS, the City has authority pursuant to Article 2 of Chapter 160A of the North Carolina General Statutes to enter into contracts; and

WHEREAS, Cherry Bekaert & Holland has submitted an engagement letter and contract pursuant to *Government Auditing Standards* and the requirements of the Commission to provide audit services to the City Council for fiscal year 2012-2013; and

WHEREAS, the City Council desires that the City's fiscal year 2012-2013 audit service contract be awarded to the firm Cherry Bekaert & Holland; and

WHEREAS, funds are included in the Accounting Division of the Finance Department's FY2012-2013 budget; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF COUNCIL OF THE CITY OF ASHEVILLE THAT:

The Mayor is hereby authorized to execute a contract, the form of which shall be approved by the Local Government Commission, with Cherry Bekaert & Holland in the amount of \$85,000 for auditing services for fiscal year 2012-2013.

Read, approved and adopted this the 22<sup>nd</sup> day of January, 2013

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City Clerk

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Mayor

Approved as to form:

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City Attorney